

**STATE OF ALASKA  
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT  
DIVISION OF OCCUPATIONAL LICENSING  
BOARD OF PUBLIC ACCOUNTANCY**

**MINUTES OF MEETING  
September 30 – October 1, 2004**

By authority of AS 08.01.070(2) and AS 08.86.030, and in compliance with the provisions of AS 44.62, Article 6, a scheduled meeting of the Board of Public Accountancy was held September 30 – October 1, 2004, beginning at 10:00 a.m. The meeting was held in the Robert B. Atwood Building, 550 West 7<sup>th</sup> Ave., Suite 1860, Anchorage, Alaska.

**Thursday, September 30, 2004**

**Item 1      Call to Order/Roll Call**

The meeting was called to order by Steve Tarola, Chairperson, at 10:07 a.m. There were present, constituting a quorum:

Steve Tarola - CPA, Chair  
Sandra Wilson – CPA, Secretary/Treasurer  
Marjorie Kaiser - CPA  
Dan Kennedy - CPA  
Max Mertz - CPA  
Laura Welles - Public Member, Vice-Chair

In attendance from the Department of Commerce, Division of Occupational Licensing was:

Cynthia Cintra, Licensing Examiner

Also in attendance from the public Virginia (Ginger) Curnow, representing the Alaska Society of Independent Accountants (ASIA).

**Item 2      Review/Amend Agenda**

The following amendments were made to the agenda:

- A new item, National Association of State Boards of Accountancy (NASBA) letter regarding Accountancy Licensee

Database (ALD) Task Force, was added to Item 10, Computerized Exam Status.

- A new item, 150-Hour Rule (for taking exam), was added to Item 11, Statute and Regulations Changes.
- A new item, correspondence from Rodney Lind, was added to Item 17, Correspondence.

**On a motion duly made by Marjorie Kaiser, seconded by Dan Kennedy, and approved unanimously, it was**

**RESOLVED to approve the agenda as amended.**

**Item 3**      **Welcome Board Member Max Mertz and Licensing Examiner Cynthia Cintra**

The board went around the table and introduced themselves and gave a brief professional background.

**Item 4**      **Review/Approve Minutes**

**A. August 5-6, 2004 Minutes**

After a review of the August 5 – 6, 2004 minutes, the board agreed to accept the minutes as written.

**On a motion duly made by Dan Kennedy, seconded by Sandra Wilson, and approved unanimously, it was**

**RESOLVED to approve the August 5-6, 2004 minutes as written.**

**B. Review Mail Votes**

There were no mail votes for review since the last meeting.

**Item 5**      **Public Comment**

There was no one present for public comment.

**Item 6      Goals and Objectives FY 2004-2005**

A. Status chart and action items

The board reviewed the status of its 2004-2005 Goals and Objectives.

**Item 7      National Association of State Boards of Accountancy (NASBA)/Alaska Society of CPAs (ASCPA) Meetings/Items**

A. NASBA annual meeting in Chicago – October 17-20, 2004

Dan Kennedy informed the board he will be unable to attend the meeting as originally planned. Mr. Kennedy was paying his own travel costs, except for his registration fees. Since the State had already paid his registration fee and he will not be able to attend, the board asked the Licensing examiner to see if Steve Tarola, who is also paying his own expenses to attend the meeting could utilize those funds instead.

B. Thank you letter to Rick Urion

The board gave positive feedback on the letter written by Steve Tarola to Rick Urion, thanking him for approving travel requests for Marge Kaiser and Laura Welles and the registration fee for Dan Kennedy to attend the NASBA annual meeting in Chicago.

Cynthia Cintra reminded the board that out of state travel is being seriously curtailed and chances are this might be the last out of state travel approved for multiple board members. The next out of state travel would probably be approved for one or two members, but no more than that.

C. NASBA regional meeting in Anchorage – Planning ahead

Steve Tarola had been in contact with Tom Kenny of NASBA. Mr. Kenny indicated that the NASBA's Western Regional meeting will be held in Anchorage at the downtown Marriott. There is no set date for the meeting at this time.

Mr. Tarola suggested that perhaps the ASCPA could have a welcome table at the meeting.

Sandra Wilson suggested that ASCPA might host a welcome reception as an excellent way to meet staff and members of NASBA.

Ms. Wilson told the board that she has been appointed as the chairman of the NASBA committee on relations with member boards. That makes her the chairperson for all of the regional directors. Meetings are held quarterly.

**Item 8      Monitoring Changes in the Professional Environment for CPAs**

A. NASBA

- 1) Focus questions due 10/1/04 – to be completed at board meeting.
- 2) UAA Rule Changes
- 3) Alaska UAA compliance Summary

Steve Tarola indicated that he would have to leave for lunch a little early to set up for his PowerPoint presentation to the Alaska Society of CPAs. He read a statement included in the presentation about the board's position on proposed statute changes for the boards benefit to make sure it was accurate. There were no objections.

B. AICPA

- Sarbanes Oxley/PCAOB – Implementation Central
- Latest State Legislation Reform Summary – July 30, 2004

The board reviewed and discussed the above items

C. PCAOB

1. Latest news
  - Advisory group meeting on 9/9/04 Web Cast
  - PCAOB Auditing Standard #3 approved by Sec
  - Inspection reports complete on four largest U.S. CPA firms
- 2) Inspection response from D&T, E&Y, KPMG and PW-Coopers
- 3) Rule making and rule making docket
- 4) Acknowledgement and Agreement (Action Item)

The board reviewed and discussed items C1 through C3.

**Steve Tarola left the meeting at 11:15 a.m. Vice Chair Laura Welles took over.**

The Board reviewed and discussed the Acknowledgement and Agreement letter received from the Public Company Accounting Oversight Board (PCAOB), Item #8C4. The board decided to ask Phil Petrie, Division Investigator, and Gayle Horetski, Assistant Attorney General, for their input on this item before considering signing it and instructed Cynthia Cintra to forward it to them.

**Recess**      ***The board recessed at 11:21 p.m., reconvened at 1:27 p.m.***

**Item 9**      **Investigative Update (Phil Petrie)** The board was joined by Phil Petrie, Investigator.

**A. Case Status**

**On a motion duly made by Marjorie Kaiser, seconded by Sandra Wilson, and approved unanimously, it was**

**RESOLVED to adjourn into Executive Session under the authority of AS 44.62.310 to discuss the Investigative Report.**

The board adjourned into executive session at 1:28 p.m., and returned from executive session at 1:55 p.m.

**Item 10**      **Computerized Exam Statutes**

**A. Testing feedback – Latest survey results**

New survey information had not yet been tabulated. This item was tabled until the next board meeting.

**B. Committee Report – Re-establish testing sites in Fairbanks and Juneau**

The board reviewed the committee report and discussed forming a subcommittee to research opening CPA exam test sites in Fairbanks and Juneau.

**On a motion duly made by Dan Kennedy, seconded by Marjorie Kaiser, and approved unanimously, it was**

**RESOLVED to reconstitute the subcommittee on test sites to consist of Max Mertz, Sandra Wilson and Steve Tarola in order to research CPA exam test sites in Fairbanks and Juneau.**

C. NASBA Annual Meeting – possibility of an agenda item for re-establishing test sites in smaller communities (Wilson)

The board discussed ideas and issues of Prometric testing sites.

The board reviewed the Prometric testing site requirements for the benefit of Max Mertz, as he is a new board member.

Sandra Wilson informed the board that there will be a NASBA Regional Directors' meeting two days before the NASBA 2004 Annual Meeting on October 17-20, 2004.

Ms. Wilson said she would ask each of the regional directors to include a question on the agenda regarding the adequacy of their State's test sites as it relates to long travel distances. The board concurred that this would be a good idea.

D. Copies of NASBA's "on site" testing surveys for Alaska

These surveys were not yet available. This item was tabled until the next board meeting

E. Copy of resolution adopted by the Board

The board reviewed the final printed resolution to re-establish test sites in Fairbanks and Juneau that was adopted at the last meeting.

F. NASBA letter regarding Accountancy Licensee Database (ALD) Task Force.

The board reviewed and discussed the letter and noted that the ALD is included on the agenda for the 2004 Annual NASBA Meeting.

**Item 11**      **Statute and Regulations Changes.**

A. Statutes 08.04 for substantial equivalency/interstate reciprocity/attest experience (feedback and what's next).

Gayle Horetski, Assistant Attorney General, joined the meeting by teleconference.

After a lengthy discussion on the proposed changes, Laura Welles asked Ms. Horetski for her opinion on the most expedient way to undertake this task.

Ms. Horetski suggested two options to the board. One option would be for the Division to submit a one-page description (cover letter, pages 1 & 2 of proposal) of the proposed changes as a Governor's Bill. That proposal would go through the Division Director, the Commissioner, and then to the Governor's office. If the Governor approves the concept, it would then be assigned to an attorney at the Department of Law for drafting.

The other option would be to find a Legislative sponsor who is interested. That Legislative sponsor would then pass the actual drafting onto Legislative Affairs Agency. Once the draft was complete the Legislative sponsor would introduce the proposal to the Legislative body.

The board took the opportunity to ask Ms. Horetski about the Acknowledgment and Agreement form requested by the PCAOB which was previously discussed under agenda item C4. After this discussion, the board instructed Cynthia Cintra to send the document to Signe Andersen, Attorney General in Anchorage, for review and feedback.

After the teleconference with Ms. Horetski, the board continued to discuss the proposed statute changes. The board discussed the fact that according to an e-mail from Ginger Morton, Director Rick Urion had stated that he would not support the proposed statute changes unless the Board agreed to adopt the Uniform Accountancy Act (UAA) in its entirety.

Steve Tarola indicated that it did not appear that the ASCPA would participate to the same extent on the proposed statute changes as they did on the proposed regulation changes for commissions and contingent fees, but that he did not think the ASCPA would oppose the proposed statute changes. In the end, the Board decided to form a sub-committee to pursue this issue.

**On a motion duly made by Dan Kennedy, seconded by Sandra Wilson, and approved unanimously, it was**

**RESOLVED to form a subcommittee to pursue how best to change AS 08.04. This subcommittee will consist of:**

**Steve Tarola  
Laura Welles  
Dan Kennedy**

***Recess***

***The board recessed at 3:38 p.m., reconvened at 3:53 p.m.***

B. Statute 08.04.080 (streamline mailing process)

The board reviewed the proposed changes to statutes and agreed to pursue this.

Steve Tarola suggested that this proposed change be combined with the proposed changes to substantial equivalency/reciprocity/attest requirements.

The board asked Cynthia Cintra if she thought Rick Urion, Director would oppose the changes.

Cynthia Cintra gave the board her opinion, that if this would save money and was presented in a straightforward manner there should be no objection.

**On a motion duly made by Max Mertz, seconded by Sandra Wilson, and approved unanimously, it was**

**RESOLVED to have Cynthia Cintra meet with Rick Urion, Director, to discuss if this project could be broken into two separate projects.**

C. Regulations (Commissions and contingent fees)

The board had approved draft regulations to be public noticed at the previous board meeting on August 5, 2004. Since this project has not yet been sent out for public notice it was tabled until the next board meeting.

D. Regulation (code of conduct – reference AICPA code in our regulations)

The board noted that it would be best to wait on this proposed change in regulation until the proposed statute change under agenda item 11B had been accomplished. This item was tabled until the next board meeting.

E. Regulations (interchangeability of terms Permit / License / Certificate) Before beginning discussion on this item, Mr. Tarola asked Cynthia Cintra to add the definition of “sole proprietorship” to the next meeting agenda as it makes sense to include this definition along with the current items being considered.

The board went on to discuss the confusion with “firm licenses”, “individual licenses”, certificates, permits and licenses with Mr. Petrie. Mr. Petrie referred the board to AS 08.04.390, 04. 400 and 04.410. Mr. Petrie stated that the statutes and regulations are too interchangeable, leaving large loopholes which impedes the enforcement process.

After a lengthy discussion the board decided to form a subcommittee for rewriting the above statutes.

**On a motion duly made by Max Mertz, seconded by Laura Welles, and approved unanimously, it was**

**RESOLVED to form a subcommittee to study the definition issue outlined in this meeting. The subcommittee will work with Phil Petrie, Investigator. This subcommittee will consist of:**

**Sandra Wilson  
Marjorie Kaiser  
Max Mertz**

F. Regulation (adding sole purpose for partnerships) (G. Morton)

Information was not yet available for this item. It was tabled until the next board meeting.

G. Regulation (authority to test length of time under computerized exam)

Information was not yet available for this item. It was tabled until the next board meeting.

H. Regulation (foreign transcripts)

Information was not yet available for this item. It was tabled until the next board meeting.

I. 150 Hour Rule

The board went on to discuss the email/memo from Ginger Morton, Licensing Supervisor, regarding the increase in the number of foreign exam applicants who apply in Alaska, but do not sit for the exam in Alaska and the extra work that this has created for the Division of Occupational Licensing.

The board discussed possible reasons for the increase in applicants, the extent of the increase in applicants, and possible solutions. Possible reasons for the increase are; 1) the fact that Alaska does not require 150 hours of education to take the exam as many other states; 2) the board has a much lower application fee than other states; 3) applicants can apply in any state without a residency requirement, but are allowed to take the exam at any testing site in the U.S.; and 4) some large CPA firms are batching up applicants together and mailing them in to Alaska, which might be because of the cost savings.

Board members asked about the number and nature of foreign applicants. The board discussed the potential impacts on domestic exam applicants who would be unable to immediately sit for the exam upon graduation if a 150-hour rule was instituted. It was noted that Director Rick Urion was against a residency requirement in order to apply to sit for the exam. It was also noted that raising application fees would probably deter foreign applicants, but would also affect Alaskan applicants.

Steve Tarola suggested questioning exam applicants as to why they are applying in Alaska and whether or not it is the 150-hour rule, the \$50/\$25 application fee, or both.”

Laura Welles and Marjorie Kaiser went on to discuss that the workload seems to be a departmental issue with staffing and the increased revenue may cover the cost.

Cynthia Cintra told the board that Rick Urion, Director, would be more than happy to back the board with whatever decision the board would make on this issue except a residency requirement.

The board asked Cynthia Cintra to track any and all foreign applications received for the next board meeting. The board also asked her to keep track of which CPA firms are sending in applications.

**On a motion duly made by Max Mertz, seconded by Sandra Wilson, and approved unanimously, it was**

**RESOLVED to adjourn the meeting until Friday, October 1, 2004 at 8:30 a.m.**

**Adjourn      The board adjourned at 5:16 p.m.**

## **Friday October 1, 2004**

### **Item 14      Reconvene Meeting/Roll Call**

The meeting was called to order by Steve Tarola, Chairperson, at 8:30 a.m. There were present, constituting a quorum:

Steve Tarola - CPA, Chair  
Sandra Wilson - CPA  
Max Mertz - CPA  
Laura Welles - Public Member, Vice-Chair

In attendance from the Department of Commerce, Division of Occupational Licensing, was:

Cynthia Cintra, Licensing Examiner

Marjorie Kaiser – CPA, joined the meeting at 8:35 a.m.  
Dan Kennedy – CPA, joined the meeting at 8:50 a.m.  
Phil Petrie, Investigator, joined the meeting at 9:00 a.m.

### **Item 12      Sunset Review**

#### **A. Letter to Pat Davidson, Legislative Audit**

The board reviewed the letter that was sent by Steve Tarola. Mr. Tarola noted that he had been contacted by legislative audit and had answered their questions.

### **Item 13      Annual Report/Budget Request**

#### **A. Narrative, goals and budget request**

#### **B. Legislative Request**

The board reviewed the final draft of the above items.

### **Item 15      Expenditure Report**

The board reviewed and discussed the expenditure report and noted that the surplus was growing and may have an impact on future fee structures. It was noted that one of the reasons for the increased surplus was because of the restrictions on board travel to NASBA meetings.

Max Mertz had several questions on the budget report and decided to set up a meeting with Jennifer Strickler, Administrative Manager, when he was back in Juneau.

**Item 16      Administrative and Other**

There were no other administrative issues at this time.

**Item 17      Correspondence**

**A. Arleen Thomas**

The board reviewed correspondence from Arleen Thomas, AICPA, with regard to scoring errors in the sections of AUD and FAR for the April – May 2004, testing window. It was noted that none of these errors impacted Alaska candidates and that correction of the errors resulted only in individuals passing who had originally failed.

**B. Rodney Lind**

Rodney Lind, a licensed CPA in the State of Alaska, had written to the board asking for a waiver of the requirement that he earn 4 hours of continuing education in ethics for renewal of his CPA license for the January 1, 2006 – December 31, 2007 renewal period. He makes this request because he is licensed as a CPA in two other states and receives continuing education in ethics in those states.

After a thorough discussion of ethics requirements for continuing education in different states, the board decided that Rodney Lind must meet the ethics requirement for the State of Alaska. The Board noted that the statutes and regulation portion of required ethics courses vary from state to state and applicants should be up to date for each state they are licensed in.

The board asked Cynthia Cintra to draft a response to Mr. Lind and email it to Steve Tarola for editing. The final response will be sent to Mr. Lind.

**On a motion duly made by Sandra Wilson, seconded by Marjorie Kaiser, and approved unanimously, it was**

**RESOLVED to deny Mr. Lind's request for a waiver of the State of Alaska ethics continuing education requirements for biennial renewal on the basis that Mr. Lind needs to be aware of changes in Alaska's statutes and regulations.**

**Item 18      Web Site “What’s New”**

After a discussion of what to include in “What’s New” on the board’s web site, the board decided to carry forward many of the items that are already on the web site because it has been only a month since the last update. The board decided to add new items for new board member information and information about the upcoming Annual NASBA Meeting in Chicago. The board agreed to have Steve Tarola forward the updated “What’s New” to Cynthia Cintra.

The board asked Cynthia Cintra to email the “What’s New” web site link to Linda Plimpton, ASCPA, and Virginia Curnow, ASIA.

**Item 19      Review/Approve Applications (Work Session)**

**On a motion duly made by Sandra Wilson, seconded by Max Mertz, and approved unanimously, it was**

**RESOLVED to approve the following applications for certification by exam/experience:**

- 1. Anthony Fick**
- 2. Jenia M. Jarrett**
- 3. Wail Hilal**
- 4. Mark McGrath**
- 5. Rosalia Patton**
- 6. Gina S. Walden**
- 7. Nichole S. Walker**

**The board took no action on the application for certification by exam/experience of Corrine Eagle. This was done because the board could not verify that Ms. Eagle had completed a business law course, which is required to meet the requirements of an accounting concentration.**

**On a motion duly made by Sandra Wilson, seconded by Max Mertz, and approved unanimously, it was**

**RESOLVED to approve the application for certification by exam/experience of David Jarrett upon receipt of his original work experience documentation.**

**On a motion duly made by Sandra Wilson, seconded by Max Mertz, and approved unanimously, it was**

**RESOLVED to approve the following application for certification by reciprocity:**

**1. Marita S. Schefft**

**Item 20      Audit of Continuing Education Reports (late arrivals, if any)**

There were no late audits of Continuing Education.

**Item 21      Ethics Reporting**

There were no ethics violations to report.

**Item 22      Ratify Out of State Permits**

**On a motion duly made by Sandra Wilson, seconded by Marjorie Kaiser, and approved unanimously, it was**

**RESOLVED to ratify the following out-of-state general permits:**

- 1. Andrew O. Terry, PC**
- 2. Ribail, Stauffer and Associates PLLC.**

**Item 23      Sign Wall Certificates**

Steve Tarola and Sandra Wilson signed twelve wall certificates.

**Item 24      Schedule Next Board Meeting**

After a brief discussion, the board made the following motion.

**On a motion duly made by Dan Kennedy, seconded by Sandra Wilson, and approved unanimously, it was**

**RESOLVED to schedule the next board meeting for January 27 – 28, 2005. This meeting will be held in Juneau, Alaska.**

The board also set a tentative date for the spring board meeting. The dates are April 21 – 22, 2005. This meeting will be held in Anchorage, Alaska.

**Item 25      New Business/Old Business**

The board had a brief discussion with Phil Petrie, Investigator, on how he tracks bills through the Legislative web site, Bill Action and Status Inquiry System (BASIS), and the process of passing legislation.

There were no other items to discuss.

***Adjourn*      The board adjourned at 10:25 a.m.**

Respectfully submitted:

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Cynthia Cintra, Licensing Examiner

Approved:

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Steve Tarola, CPA, Chairperson  
Board of Public Accountancy

Date: \_\_\_\_\_